

Message Text

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ACTION XMB-04

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

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R 211958Z NOV 75

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 8520

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E.O. 11652: N/A

TAGS: BEXP, EIND, TD

SUBJECT: IRON & STEEL PROJECT TRINIDAD

REF: POS 1807

1. EMBASSY UNDERSTANDS THAT ARMCO AND MIXRED (KORF) ARE ONLY BIDDERS STILL IN CONTENTION FOR DIRECT REDUCTION PROCESS OF IRON AND STEEL PROJECT IN TRINIDAD AND THAT, SOURCES WITHIN LOCAL CONSORTIUM WHICH WILL BE INVOLVED IN PROJECT THE SELECTION OF MIDREX IS NOW CONSIDERED TO BE ALMOST A FOREGONE CONCLUSION. COMPANY OFFICIALS ARE OPERATING ON THE UNDERSTANDING THAT MIDREX PROCESS WILL BE SUED AND ARE DEVELOPING THEIR PLANS ACCORDING TO THE REQUIREMENTS OF THAT PROCESS.

2. TREASURER OF MIDREX (GERALD ANDERSON), WHO IS IN TRINIDAD FOR CONSULTATIONS WITH IDC AND LOCAL COMPANY, CALLED ON EMBASSY TO INFORM US OF PROGRESS ON THE DEAL AT SUGGESTION OF COMMERCE-MEPD. HE WAS NOT AS SURE AS SOME OF EMBASSY'S LOCAL SOURCES THAT MIDREX WOULD BE SUCCESSFUL. HE WENT TO GREAT PAINS, HOWEVER, TO ASSURE EMBASSY THAT MIDREX IS, FOR ALL PRACTICAL PURPOSES, A U.S. CORPORATION EVEN THOUGH IT IS OWNED BY THE KORF HOLDING COMPANY. IF IT RECEIVES THE CONTRACT, IT WILL USE U S. PERSONNEL AND U.S. PRODUCTS TO THE MAXIMUM EXTENT ALLOWED BY THE TRINIDAD COMPANY. A KEY FACTOR IN

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DETERMINING SOURCE FOR THE DIRECT REDUCTION EQUIPMENT

FOR THE PLANT, HE SAID, WOULD BE FINANCIAL. WHILE THE EUROPEAN AND JAPANESE PARTNERS IN THE LOCAL COMPANY WOULD NATURALLY PREFER PROCUREMENT IN THEIR COUNTRIES, MIDREX WOULD PREFER TO DEAL WITH U.S. SUPPLIERS WITH WHICH IT IS FAMILIAR. FINANCE TERMS AND ARRANGEMENTS WILL DETERMINE FINAL CHOICE.

3. FOR THIS REASON, ANDERSON ASKED FOR EMBASSY'S SUPPORT FOR EXIMBANK GUARANTEES AND FOR ASSESSMENT OF PROSPECTS THAT INFRASTRUCTURE PROJECTS, PARTICULARLY THE GAS PIPELINE. AND ELECTRICAL GENERATING PLANT, WILL BE COMPLETED AS SCHEDULED. WE INFORMED HIM THAT EXIMBANK OFFICIALS WERE RECENTLY IN TRINIDAD AND HAD MADE A DIRECT, ON-THE-SCENE EVALUATION OF ALL OF THE PROPOSED INDUSTRIAL DEVELOPMENT PROJECTS. THEY WERE THEREFORE FULLY AWARE OF LOCAL PLANNING AND EMBASSY'S EVALUATION OF SITUATION.

4. COMMENT: IN VIEW OF THE ABOVE, IT APPEARS THAT POSSIBILITY OF ARMCO WINNING CONTRACT IS NOW MINIMAL. IT ALSO APPEARS, HOWEVER, THAT POSSIBILITIES FOR SUBSTANTIAL LEXPORTS OF U.S. EQUIPMENT AND U.S. TECHNOLOGY NEVERTHELESS STILL EXIST. ASSUMING THAT COMMENTS OF MIDREX OFFICIAL ARE ACCURATE, WE BELIEVE THAT EXIMBANK SUPPORT FOR PROJECT WITH MIDREX WOULD BE EQUALLY BENEFICIAL TO STIMULATION OF U.S. EXPORTS.
RICH

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Margaret P. Grafeld
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